

Message Text

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ORIGIN XMB-04

INFO OCT-01 NEA-06 ISO-00 TRSE-00 EB-07 AGR-05 ABF-01

OMB-01 AID-05 SS-15 L-02 NSC-05 CIAE-00 INR-05

NSAE-00 RSC-01 FRB-01 CIEP-01 /060 R

DRAFTED BY XMB:MMGOLOVEN:GCB

APPROVED BY EB/OCA/REP:JBRABENS

NEA/ARN:DAKORN

NEA/ARN:PKBULLEN

XMB:WWGLICK

EB/IFD/ODF:EMLINTON

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R 111506Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY DAMASCUS

C O N F I D E N T I A L STATE 271395

E.O. 11652: GDS

TAGS:EAID, SY

SUBJECT: AVAILABILITY OF EXIMBANK FINANCING

REFS: A. DAMASCUS 02394; B. DAMASCUS 02395; C. DAMASCUS

02778

1. REFTELS HAVE PRODUCED CONCERN AT EXIMBANK THAT EMBASSY NOT OVEREMPHASIZE ABILITY OF EXIMBANK TO PROVIDE FINANCING FOR US GOODS AND SERVICES EXPORTS TO SYRIA. WE HAVE INFORMED EXIMBANK THAT, BASED ON OUR DIRECT CONTACTS WITH EMBASSY, WE ARE SURE SUCH IS NOT THE CASE. FOLLOWING SUMMARIZES CURRENT EXIMBANK ATTITUDE TOWARD SYRIA.

2. AT PRESENT SYRIA IS INELIGIBLE FOR ANY EXIMBANK PROGRAM BECAUSE OF UNSETTLED BOUSTANI CLAIM. SETTLEMENT OF CLAIM WILL REMOVE THAT INELIGIBILITY, BUT WILL NOT AUTOMATICALLY RESULT IN EXTENSION EXIMBANK CREDITS TO SYRIA. FOR EACH PROPOSED TRANSACTION, EXIMBANK MUST FIND REASONABLE ASSURANCE OF REPAYMENT. THEREFORE, EACH CASE MUST BE REVIEWED

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ON ITS MERITS, TAKING INTO ACCOUNT FINANCIAL AND ECONOMIC

ASPECTS OF PROJECT AND COUNTRY CONDITIONS.

3. EXIMBANK POSSESSES VERY LIMITED, DATED INFORMATION ON CURRENT MAGNITUDE OF EXTERNAL DEBT AND DEBT-SERVICING REQUIREMENTS. WHILE SYRIAN REAL GDP IS EXPECTED TO EXPAND RAPIDLY IN 1974, EXIMBANK CONSIDERS THAT STRUCTURAL IMBALANCES CONTINUE TO PERSIST IN SARG FISCAL ACCOUNTS AND

EXTERNAL ACCOUNTS. OFFICIAL GRANT INFLOWS ARE PREVENTING ANY CURRENT PROBLEMS, BUT FUNDAMENTAL DISEQUILIBRIA MIGHT REASSERT THEMSELVES IF INFLOWS STOP.

4. PRECEDING IS NOT, REPEAT NOT, INTENDED TO CONVEY IMPRESSION OF UNDUE PESSIMISM AT EXIMBANK WITH REGARD TO FUTURE FINANCING POSSIBILITIES IN SYRIA. RATHER, INTENT IS TO INFORM EMBASSY THAT POTENTIAL PROJECTS WILL HAVE TO BE CAREFULLY ANALYZED TO DETERMINE WHETHER THEY MEET THE LENDING CRITERIA OF EXIMBANK.

5. DOCUMENTATION AND ANSWERS REQUESTED IN REF. C REGARDING EXIMBANK CLAIM WILL BE FORWARDED IN SEPARATE CABLE. INGERSOLL

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Message Attributes

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30 JUN 2005

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